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14 February 1974
(DATE)

FORM NO. 101 REPLACES FORM 10-101
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Impact of Increased Oil Prices on the
Less Developed Countries

Statistical Tables

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World Primary Energy Consumption
1972

Percent, BTU Equivalent

<u>Source of Energy</u>	<u>Developed Countries a/</u>	<u>LDC Latin America</u>	<u>LDC Africa, Asia</u>
Petroleum	55.1	74.0	57.7
Natural Gas	21.4	14.9	6.3
Solid Fuels	20.8	6.1	34.3
Water Power	2.3	5.0	1.6
Nuclear	.4	0	.1
Total	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Utilization of Energy

Petroleum (100%)	83.3	7.3	9.4
Natural Gas (100%)	92.9	4.2	2.9
Solid Fuels (100%)	83.6	1.6	14.8
Water Power (100%)	82.1	11.8	6.1
Nuclear (100%)	97.6	0	2.4

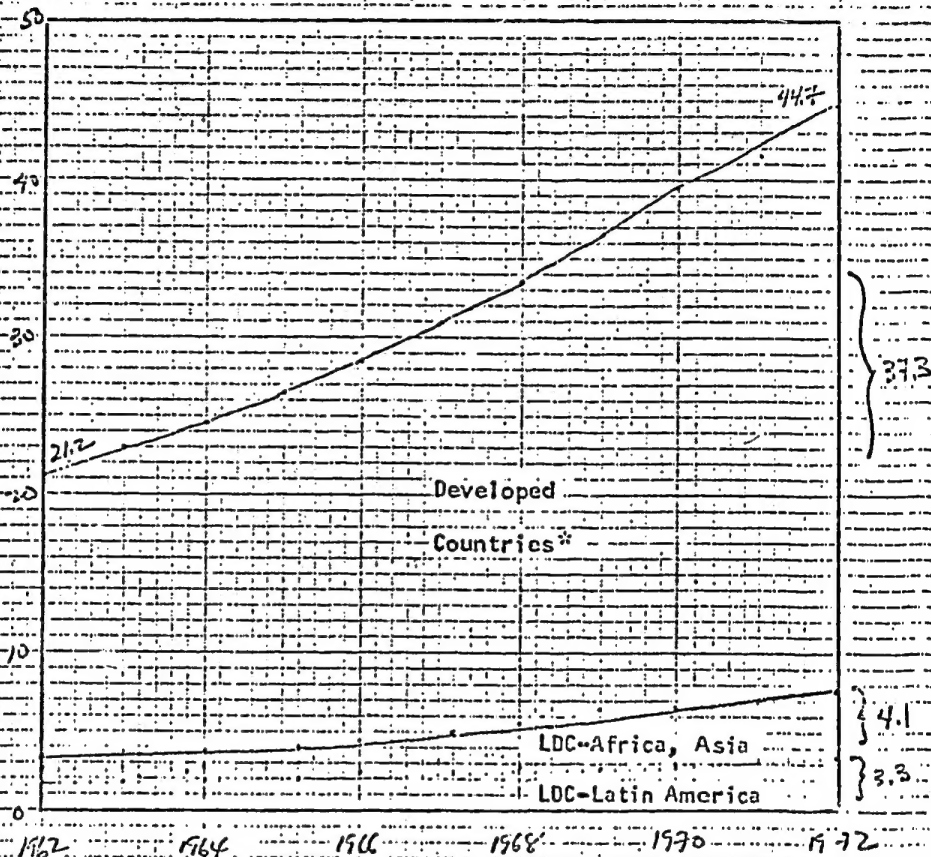
a. Excluding USSR, EE, PRC

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WORLD OIL CONSUMPTION 1962-1972

Million b/d



* Excludes USSR, E Europe, PRC

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The Structure of
Oil Price, 1 January 1974

	Persian Gulf Crude	Nigerian Crude	Libyan Crude	Venezuelian Crude
1. Posted Price <u>a/</u>	11.65	14.69	15.77	13.67
2. Production Cost	.10	.35	.30	.51
3. Government Revenue	7.01	8.73	9.49	8.59
Of which:				
Royalty (for most countries 12.5% of 1)	1.46	1.84	1.97	2.28
Profit Tax (for most countries 55% of (1-(2+Royalty))	5.55	6.88	7.52	6.31
4. Estimated Oil Company Profits	.50	.50	.50	.50
Estimated Sales Price f.o.b. (2+3+4)	7.61	9.58	10.29	9.60
Estimated Transport Cost to US Gulf Coast	1.48	.67	.65	.46
Estimated Sales Price c.i.f. US Gulf Coast	9.09	10.25	10.94	10.06

a. Differences in posted prices reflect differences in oil quality and transport costs.

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Less Developed Countries Trade Balance
(Exports FOB-Imports CIF)

(Billions US \$)

		1971	1972	1973 a/
Developed - Exports		252.8	300.3	351.8
Countries Imports		264.9	314.6	372.3
	Balance	-12.1	-14.3	-20.5
Less - Exports		60.9	72.1	82.4
Developed Imports		64.1	71.4	78.6
Countries Balance		-3.2	.7	3.8
Less - Exports		39.9	48.3	57.0
Developed Imports		51.2	56.3	60.6
Countries Balance		-11.3	-8.0	-3.6
(Excluding Oil - Exporting Countries)				

Percent Change from Preceeding Year

Developed - Exports		11.8	18.8	17.1
Countries Imports		11.2	18.8	18.3
Less - Exports		12.2	18.4	14.3
Developed Imports		13.9	11.4	10.1
Countries				
Less - Exports		4.7	21.1	18.0
Developed Imports		19.1	10.0	7.6
Countries				
(Excluding Oil Exporting Countries)				

a. First quarter, annual rate.

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Balance of Trade Projections, 1974

	(Billions US \$)		
	<u>1973</u>	<u>Option A 1974</u>	<u>Option B 1974</u>
<u>Imports</u>			
Petroleum a/	5.2	11.1	11.9
Petroleum- Derivatives b/	6.1	9.2	9.9
Other imports	<u>49.3</u>	<u>56.7</u>	<u>61.2</u>
Total Imports	60.6	77.0	83.0
<u>Exports</u>	57.0	68.9	72.1

- a. Crude and products.
b. Fertilizers and chemicals.

The two options represent a possible range of aggregate imports and exports by oil-importing LDCs in 1974. The assumptions in each option are:

	<u>Option A</u>	<u>Option B</u>
<u>Imports</u>		
Petroleum	-15% price reduction - 5% demand reduction	-15% price reduction - 8% normal growth - 5% demand reduction
Petroleum Derivatives	-100% price increase - 25% supply reduction	-100% price increase - 8% normal growth - 25% supply reduction
Other Imports	- 15% price increase - 1973 level	- 15% price increase - 8% normal growth
<u>Exports</u>	- 15% price increase - 5% growth	- 15% price increase - 10% growth

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LDC: 'Tolerable' Reduction in Oil Consumption

Country	Non-Industrial Use of Energy	Oil Requirements % Energy Requirements	Percent	
			Possible Energy Savings	Possible Oil Savings
Peru	25	85	4.0	4.7
Singapore	40	95	5.2	5.5
Paraguay	50	84	6.0	7.1
Korea	30	56	4.4	7.9
Argentina	50	76	6.0	7.9
Chile	32	58	4.6	7.9
Taiwan	44	66	5.5	8.2
Mexico	45	63	5.8	9.2
Brazil	40	46	5.2	11.3
Philippines	80	60	8.8	14.7
Malaysia	65	45	8.4	18.6
South Vietnam	85	35	7.2	20.0
Thailand	80	30	7.6	25.3
Cambodia	35	25	7.2	28.8
Pakistan	88	30	9.4	31.3
Laos	85	20	7.2	36.0
(U.S.)	62	45	6.9	15.3
(Japan)	45	75	5.5	7.3
(OECD Europe)	55	62	6.4	10.3

Note: A 'tolerable' reduction in energy use is defined as a 2 percent energy reduction in the industrial sector and a 10 percent reduction in the non-industrial sector. Any further reduction is assumed to affect the productive apparatus of the economy. The 'tolerable' reduction is directly proportional to the share of non-industrial uses in total energy requirements and inversely proportional to the share of oil in total primary energy requirements.

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Price Increases in LDC

	Annual Percent Change in Consumer Prices					
	<u>1965-70</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>
<u>Developed Countries</u> 1/	4.1	4.8	6.0	5.5	4.5	6.04
<u>Less Developed Countries</u> 2/	11.8	9.1	10.5	10.2	14.7	N/A
Africa	5.7	6.0	4.5	5.2	5.0	N/A
Asia	10.7	6.1	9.3	6.6	8.2	N/A
Middle East	3.0	3.4	4.0	6.2	7.2	N/A
Latin America	18.8	15.8	17.0	18.0	29.4	N/A

a. First half

1. Weights are proportional to GNP.

2. Weights are proportional to imports in 1968.

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Impact on Less Developed Countries

<u>Gainers</u>	<u>Survivors</u>	<u>Serious Problems</u>	<u>Severe Hardship</u>
<u>Latin America</u>	<u>Latin America</u>	<u>Latin America</u>	<u>Latin America</u>
Bolivia	Argentina	Costa Rica	Chile
Ecuador	Brazil	Dominican Republic	Uruguay
Venezuela	Colombia	El Salvador	
Trinidad/Tobago	Guatemala	Guyana	<u>Asia</u>
	Mexico	Haiti	Burma
<u>Asia</u>	Nicaragua	Honduras	Cambodia
Indonesia	Panama	Jamaica	South Vietnam
	Paraguay		India
	Peru	<u>Asia</u>	Laos
<u>Africa</u>	<u>Asia</u>	Nepal	Sri Lanka
Angola	Malaysia	Korea	
Gabon	Thailand	Philippines	<u>Africa</u>
Nigeria		Pakistan	Botswana
	<u>Africa</u>	Singapore	Dahomey
<u>Middle East</u>	Congo	Taiwan	Malawi
Algeria	Zaire	Bangladesh	Mauritania
Bahrain	Zambia		Mali
Iran		<u>Africa</u>	Rwanda
Iraq	<u>Middle East</u>	Cameroon	Sierra Leone
Kuwait	Egypt	Ethiopia	Sudan
Libya	Turkey	Ghana	Togo
Oman	Cyprus	Guinea	Upper Volta
Qatar	Israel	Ivory Coast	
Saudi Arabia	Jordan	Kenya	
Syria	Lebanon	Liberia	
United Arab		Malagasy	
		Mozambique	
		Somalia	
		Tanzania	
		Uganda	
		Senegal	

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